



# County of Los Angeles CHIEF EXECUTIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION  
LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

March 4, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

## **FIVE-YEAR LEASE - DEPARTMENT OF MENTAL HEALTH 6800 OWENSMOUTH AVENUE, CANOGA PARK (THIRD DISTRICT) (3 VOTES)**

### **IT IS RECOMMENDED THAT YOUR BOARD:**

1. Consider the Negative Declaration together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County of Los Angeles (County) to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the CEO to complete and file a Certificate of Fee Exemption for the project.
2. Approve and instruct the Chair to sign the five-year lease with ECI Owensmouth, LLC (Lessor) for the occupancy of 5,665 rentable square feet of office space and 23 parking spaces for the Department of Mental Health (DMH) at 6800 Owensmouth Avenue, Canoga Park, for a maximum first year cost of \$238,434. The rental and related costs are to be funded under the Mental Health Services Act (MHSA) and matching Medi-Cal funds.
3. Authorize the Internal Services Department (ISD) at the direction of the Chief Executive Office (CEO) to acquire telephone, data, and low voltage systems at a cost not to exceed \$150,000, which will be paid by DMH via a lump sum payment.
4. Authorize DMH to acquire furniture through ISD or through the Lessor.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

5. Authorize the CEO, DMH, and ISD to implement the project. The lease will be effective upon approval by your Board, but the term and rent will commence upon completion of the improvements by the Lessor and acceptance by the County.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

DMH has secured funds under the State Proposition 63 - MHSA. As a condition of funding, DMH is mandated to formulate a plan for the expeditious implementation of various mental health services across the County.

In October 2006, the Board approved the acquisition, development and implementation of 14 directly operated Wellness Center (WC) programs to be located in strategic areas throughout the County as part DMH's overall transformation from clinical services to a Recovery Model of community-based, client and family driven, recovery oriented services and support systems. The WCs are designed to offer options to clients who no longer need the intensive services offered by the Full Service Partnership (FSP) programs or traditional adult outpatient services, and who are ready to take increasing responsibility for their own wellness and recovery. The proposed lease is the sixth in the series of 14 approved satellite locations for the WC program to be located throughout the County.

In addition to furthering the goals of the MHSA, the recommended actions are intended to fill the longstanding gap in the service delivery system by serving clients that are in advanced stages of recovery, thus offering a cost-effective alternative to ongoing maintenance visits at outpatient clinics. Development of the WCs will enhance DMH's ability to concentrate the majority of its outpatient resources on meeting the needs of the underserved population and providing intensive services to those in need of that level of care. The ultimate goal of the WCs is to reduce reliance on the mental health system by building a sustaining network of community-based support systems for clients no longer requiring more traditional care.

The proposed WC will augment services currently provided at the Mental Health facility at 7621 Canoga Avenue, Canoga Park, located approximately one mile from the proposed facility. Some employees from that facility will be relocated to the proposed location in order to alleviate overcrowding.

The office will have some public intake by appointment and is in proximity to public transportation routes. The proposed office will house 29 employees and the lease provides access to 23 reserved parking spaces.

By allowing for the creation of the satellite office as proposed, DMH will be able to provide more seamless transitional services in a more expeditious manner for its target population, and reduce staffing at the Canoga Avenue facility to a more appropriate level.

As existing Mental Health facilities are currently operating near full capacity and new staff cannot be accommodated at existing locations without a compromise of mental health services, it has been determined that the CEO would obtain ancillary locations as close as possible to existing operations in order to facilitate the new MHSA funded and mandated services.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The Countywide Strategic Plan directs that we provide service excellence (Goal 1) and assist families' well-being (Goal 5). In this case, the County is providing an innovative, supportive mental health program designed to further enhance client recovery and improve the delivery, efficiency, and effectiveness of mental health operations.

### **FISCAL IMPACT/FINANCING**

The proposed lease will provide DMH the use of 5,665 rentable square feet of office space and 23 parking spaces at an initial monthly full service base rent of \$14,162.50 or \$169,950 annually.

<b>PROPOSED LEASE</b>	<b>6800 OWENSMOUTH AVENUE, CANOGA PARK</b>
Area	5,665 rentable square feet
Term	Five years, commencing upon Board approval and completion of the Tenant Improvements (TI)
Annual Base Rent	\$ 169,950 (\$2.50 per sq.ft. per month)
Base TI allowance	\$ 113,300 (\$20 per sq.ft. included in Base Rent)
Additional TI allowance	\$ 254,925 <sup>(1)</sup> (\$45 per sq.ft.)
Change Order allowance	\$ 20,000 <sup>(1)</sup>
Annual TI Reimbursement	\$ 68,484 <sup>(1)</sup> (\$1.01 per sq.ft. per month)
Maximum Annual Rent	\$ 238,434 <sup>(2)</sup> (\$3.51 per sq.ft. per month)
Cancellation	After four years
Parking (included in Rent)	23 parking spaces
Option to Renew	Five-year option
Rental Adjustment	3 percent fixed step

<sup>(1)</sup> \$274,925 represents the maximum amount of reimbursable TI funds available for this project. If this entire amount is expended and amortized over 60 months at the proposed rate of 9 percent, the annual TI reimbursement amount will be \$68,484 (\$1.01/\$12.09 per sq.ft. per month/annually).

<sup>(2)</sup> Includes annual base rent and annual reimbursement of Additional TI and change order allowances.

Sufficient funding for the rental costs of the proposed lease is included in the 2007-08 Rent Expense budget and will be billed back to the department. DMH has sufficient funding in its 2007-08 operating budget to cover the projected lease costs. Sufficient funding will be proposed in the 2008-09 respective budgets to cover the proposed lease costs.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease will serve as a WC operations office for DMH. The proposed five-year lease will provide 5,665 rentable square feet of office space and 23 parking spaces. The lease contains the following provisions.

- Five-year term commencing after completion of the improvements by the Lessor and acceptance by the County.
- A full-service gross basis whereby the Lessor is responsible for the operational and maintenance costs associated with the premises.
- A TI allowance of \$113,300 or \$20 per square foot, included in the base rental rate for improvement of the premises.
- A reimbursable additional TI allowance of \$254,925 or \$45 per square foot, and \$20,000 change order allowance, which may be paid in a lump sum or amortized over the five-year term at an annual interest rate of 9 percent.
- A cancellation provision allowing the County to cancel at anytime after four years of the term upon 180 days prior written notice and payment of a cancellation fee equal to the unamortized balance of the base and additional TI, change order expenses and commissions. In the event of such cancellation, the maximum cost to the County would be \$96,008 at the end of the fourth year, which would diminish on a monthly pro-rata basis until fully amortized at the end of the five-year lease term.
- Furniture will be purchased through the lease as part of the TI allowance or by the department via a County-approved vendor.
- One five-year option to extend the lease with 180 days prior written notice.
- Annual fixed step rental adjustments of 3 percent per annum through the term of the lease.

CEO Real Estate staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement. Based upon said survey, staff has established that the base rental range for similar space is between \$19.20 and \$33.60 per square foot per year on a full-service gross basis, i.e., including operational and maintenance costs as well as utilities and janitorial expenses exclusive of parking. Thus, the base annual rent of \$30.00 full-service gross including parking for the proposed lease represents a rate within the range of market for the area. Although the rental rate is in the upper range, the proposed facility provides the only viable space to house the DMH program within the service area. Attachment B shows County-owned or leased facilities in the proximity of the service area and there are no suitable County-owned or leased facilities available for the program.

The Department of Public Works has inspected this facility and found it suitable for County occupancy. Construction of the TI will be completed in compliance with American with Disabilities Act (ADA) and building codes. Additionally, the landlord will ensure ADA path of travel requirements are met.

A child care center is not feasible for the department in the proposed lease premises.

#### **NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT**

The CEO has made an initial study of environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

#### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease will provide the necessary office space for this County requirement.

The Honorable Board of Supervisors  
March 4, 2008  
Page 6

**CONCLUSION**

It is requested that the Executive Officer, Board of Supervisors return four originals of the executed lease, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 4<sup>th</sup> Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:DL:JSE  
CEM:NCH:hd

Attachments (5)

c: County Counsel  
Auditor-Controller  
Department of Mental Health  
Internal Services Department

**DEPARTMENT OF MENTAL HEALTH  
6800 OWENSMOUTH AVENUE, CANOGA PARK  
Asset Management Principles Compliance Form<sup>1</sup>**

<b>1.</b>	<b><u>Occupancy</u></b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>
A	Does lease consolidate administrative functions? <sup>2</sup>			X
B	Does lease co-locate with other functions to better serve clients? <sup>2</sup> <b>Satellite office near 7621 Canoga Avenue, Canoga Park facility.</b>		X	
C	Does this lease centralize business support functions? <sup>2</sup>			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>Lease represents approximately 195 square feet per person.</b>	X		
<b>2.</b>	<b><u>Capital</u></b>			
A	Is it a substantial net County cost (NCC) program?		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? <b>Space requirement does not meet requirement to consider these type of projects.</b>		X	
<b>3.</b>	<b><u>Portfolio Management</u></b>			
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. ____ The program clientele requires a "stand alone" facility.			
	2. ____ No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ____ Could not get City clearance or approval.			
	5. ____ The Program is being co-located.			
E	Is lease a full service lease? <sup>2</sup>	X		
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
	<sup>1</sup> As approved by the Board of Supervisors 11/17/98			
	<sup>2</sup> If not, why not?			

## Attachment B

**DEPARTMENT OF MENTAL HEALTH WELLNESS CENTER  
SPACE SEARCH FIVE-MILE RADIUS  
FROM 7621 CANOGA AVENUE, CANOGA PARK**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQUARE FEET AVAILABLE
5872	DHS-CANOGA PARK HEALTH CENTER (P/PP SITE)	7107 REMMET AVE, CANOGA PARK 91303	5308	3094	OWNED	NONE
A624	BOS-FIELD OFFICE DISTRICT 5	21943 PLUMMER ST, CHATSWORTH	2550	2423	LEASED	NONE
A503	DPSS-WEST VALLEY CALWORKS/GAIN REG II PROGRAM	21415 PLUMMER ST, CHATSWORTH 91311	97280	87552	LEASED	NONE
A504	DPSS-WEST VALLEY CALWORKS/IHSS PROGRAM OFFICE	21415 PLUMMER ST, CHATSWORTH 91311	67220	60498	LEASED	NONE
A652	DC&FS-ADOPTIONS/REVENUE ENHANCEMENT	20151 NORDHOFF ST, CHATSWORTH 91311	73595	69915	LEASED	NONE
X165	CHATSWORTH COURTHOUSE	9425 PENFIELD AVE, CHATSWORTH 91311	302435	165247	FINANCED	NONE
A637	DPSS - MEDI CAL (NORTHRIDGE)	9451 CORBIN AVE, NORTHRIDGE 91324	57799	54909	LEASED	NONE



**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE**

**FIVE-YEAR LEASE**

**NEGATIVE DECLARATION**

**I. Location and Description of the Project**

The proposed project is for the County of Los Angeles to lease facilities at 6800 Owensmouth Avenue, Suite 160, Canoga Park, California, which will be used by the Department of Mental Health for general administrative functions. The facility, located in the Third Supervisorial District approximately 26 miles from the Los Angeles Civic Center, includes approximately 5,665 square feet of commercial office space. The Department of Mental Health shall have use of approximately 23 off-street parking spaces for departmental staff as well as visitors. The Landlord has no expansion plans beyond the scope of this project.

**II. Finding of No Significant Effect**

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

**III. Mitigation Measures**

None required.

## INITIAL STUDY

### I. Location and Description of Project

These proposed leased premises are located at 6800 Owensmouth Avenue, Suite 160, Canoga Park, located in the Third Supervisorial District approximately 26 miles northwest of the Los Angeles Civic Center and 1.5 miles north of the 101-Ventura freeway (see attached map).

The building to be used is owned by ECI Owensmouth LLC, and is intended for use as office space. Located at the site are 23 exclusive off-street parking spaces for the Department of Mental Health's use and public parking located within the parking lot and surrounding area.

This project consists of leasing this facility for five years in which will be located Department of Mental Health offices. It is anticipated that an average of 28 employees will be occupying the premises with the maximum employee occupancy anticipated to be approximately 30 per day. In addition to the employees, it is anticipated that an average of 20-25 members of the public per day will be visiting the facility for normal administrative purposes. No expansion of existing premises will occur for this project and no exterior alterations, except for interior tenant improvements and furnishings, will be performed for this project.

### II. Compatibility with General Plan

This project site is currently designated as Professional Office Building in the City of Los Angeles General Plan and zoned LACR. The proposed project would be consistent with these designations.

### III. Environmental Setting

The project site is located in an area of commercial type facilities. The site includes approximately 80,000 square feet of developed property. The site is located on Owensmouth Avenue in the Canoga Park area of Los Angeles.

### IV. Identification of Environmental Effects

- A. The impact of the proposed project on existing land forms will be negligible as no reshaping of the soil nor excavation nor foundations, utility lines, sewer lines or water lines is anticipated.
- B. The project will not conflict with adopted environmental plans and goals of the City of Los Angeles.

## NEGATIVE DECLARATION

Department Name: Mental Health  
Project: Wellness Center

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. Description of Project

The leasing of existing office space in an existing commercial building to be used by the County of Los Angeles, Department of Mental Health as an administrative office.

2. a. Location of Project (plot plan attached)

6800 Owensmouth Avenue  
Canoga Park, CA 91303

**ORIGINAL FILED**

b. Name of Project Proponent

DEC 18 2007

County of Los Angeles  
Chief Executive Office  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, CA 90012

**LOS ANGELES, COUNTY CLERK**

3. Finding for Negative Declaration

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated December 18, 2007 which constitutes the Initial Study of this project.

4. Initial Study

An Initial Study leading to this Negative Declaration has been prepared by the Chief Executive Office and is attached hereto.

5. Mitigation Measures Included in Project

None required.

Date  
December 18, 2007

Real Property Agent  
Nevin Harrison

Telephone  
(213) 974-4159

DATE POSTED – DECEMBER 18, 2007

**NOTICE OF PREPARATION OF NEGATIVE DECLARATION**

This notice is provided as required by the California Environmental quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles  
Chief Executive Office
2. Address/Phone No. - 222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012

<u>Agent</u>	<u>Telephone</u>
Nevin Harrison	(213) 974-4159

3. Date Information Form Submitted – December 18, 2007
4. Agency Requiring Information Form - Los Angeles County  
Chief Executive Office  
Real Estate Division
5. Name of Proposal, if Applicable -

6. Address of Facility Involved – 6800 Owensmouth Avenue  
Canoga Park, CA 91303

**ORIGINAL FILED**  
**DEC 18 2007**  
**LOS ANGELES, COUNTY CLERK**

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2 above and referring to the proposal by name or to the facility by address.

Si necesita información en español, por favor de comunicarse con el agente designado, para asistencia en obtener una traducción.

- C. The project will not have a substantial demonstrable negative aesthetic effect on the site. The existing facility will be continued to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic. Nor will it affect the carrying capacity of the present street system. This is a government use of private property for legal services purposes. The County's use is in conformance with uses approved by the City of Los Angeles.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed developed project will not cause flooding, erosion or siltation.
- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expend a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No significant increased energy consumption is anticipated by the County's use of the premises as compared to previous uses.

- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None Required.

VI. Initial Study Preparation

This study was prepared by Nevin Harrison of the Los Angeles County Chief Executive Office, Real Estate Division. This study was completed on December 18, 2007.

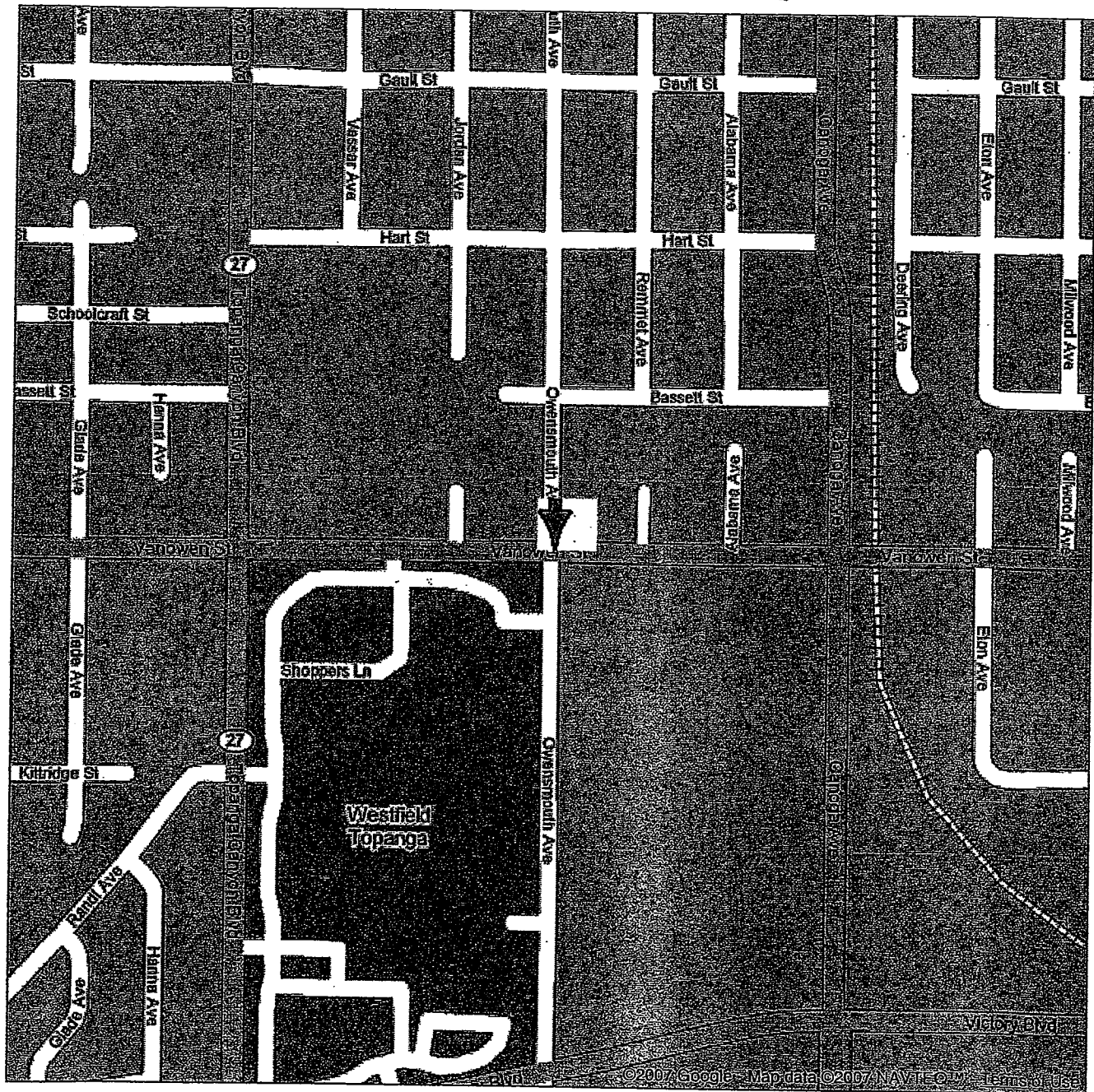


Address

6800 Owensmouth Ave  
Canoga Park, CA 91303

Get Google Maps on your phone

Text the word "GMAPS" to 466453



**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AGREEMENT**

**DEPARTMENT: Mental Health, as Tenant**

**LANDLORD: ECI Owensmouth LLC**

**6800 Owensmouth Avenue, Suite 160, Canoga Park, CA**



## TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION .....	1
(a) <u>Landlord's Address for Notice</u> :.....	1
(b) <u>Tenant's Address for Notice</u> : .....	1
(c) <u>Premises</u> :.....	2
(d) <u>Building</u> :.....	2
(e) <u>Term</u> : .....	2
(f) <u>Projected Commencement Date</u> :.....	2
(g) <u>Commencement Date</u> : .....	2
(h) <u>Irrevocable Offer Expiration Date</u> : .....	2
(i) <u>Basic Rent</u> : .....	2
(j) <u>Early Termination Notice Date</u> : .....	2
(k) <u>Rentable Square Feet in the Premises</u> : .....	2
(l) <u>Use</u> : .....	3
(m) <u>Initial Departmental Use</u> : .....	3
(n) <u>Parking Spaces</u> : .....	3
(o) <u>Normal Working Hours</u> :.....	3
(p) <u>Asbestos Report</u> : .....	3
1.2 <u>Defined Terms Relating to Landlord's Work Letter</u> .....	3
(a) <u>Base Tenant Improvement Allowance</u> .....	3
(b) <u>Additional Tenant Improvement Allowance</u> .....	3
(c) <u>Maximum Change Order Allowance</u> .....	3
(d) <u>Additional Tenant Improvement and Change Order Amortization Rate</u> : .....	3

(e) <u>Basic Rent Reduction</u> .....	3
(f) <u>Tenant's Work Letter Representative</u> .....	3
(g) <u>Landlord's Work Letter Representative</u> .....	3
(h) <u>Landlord's Address for Work Letter Notice</u> .....	3
(i) <u>Tenant's Address for Workletter Notice</u> .....	4
1.3 <u>Exhibits to Lease:</u> .....	4
1.4 <u>Landlord's Work Letter:</u> .....	4
1.5 <u>Supplemental Lease Documents:</u> .....	4
2. PREMISES .....	4
3. COMMON AREAS .....	5
4. COMMENCEMENT AND EXPIRATION DATES .....	5
5. RENT .....	6
6. USES.....	7
7. HOLDOVER.....	7
8. COMPLIANCE WITH LAW .....	7
9. DAMAGE OR DESTRUCTION.....	7
10. REPAIRS AND MAINTENANCE.....	9
11. SERVICES AND UTILITIES.....	10
(a) <u>HVAC</u> .....	10
(b) <u>Electricity</u> .....	10
(c) <u>Elevators</u> .....	10
(d) <u>Water</u> .....	11
(e) <u>Janitorial</u> .....	11
(f) <u>Access</u> .....	11
12. LANDLORD ACCESS .....	11

13.	TENANT DEFAULT .....	11
14.	LANDLORD DEFAULT .....	12
	(a) <u>Remedies</u> .....	12
	(b) <u>Waiver</u> .....	12
	(c) <u>Emergency</u> .....	13
15.	ASSIGNMENT AND SUBLETTING .....	13
16.	ALTERATIONS AND ADDITIONS .....	13
17.	CONDEMNATION .....	14
18.	INDEMNIFICATION .....	15
19.	INSURANCE .....	15
20.	PARKING .....	17
21.	ENVIRONMENTAL MATTERS .....	18
22.	ESTOPPEL CERTIFICATES .....	19
23.	TENANT IMPROVEMENTS .....	20
24.	LIENS .....	20
25.	SUBORDINATION AND MORTGAGES .....	20
26.	SURRENDER OF POSSESSION .....	20
27.	SIGNAGE .....	21
28.	QUIET ENJOYMENT .....	21
29.	GENERAL .....	21
30.	AUTHORITY .....	23
31.	ACKNOWLEDGEMENT BY LANDLORD .....	
32.	IRREVOCABLE OFFER .....	25
33.	OPTION TO EXTEND .....	25

COUNTY OF LOS ANGELES

CHIEF EXECUTIVE OFFICE

LEASE AGREEMENT

THIS LEASE is entered into as of the \_\_\_\_\_ day of March, 2008 between ECI OWENSMOUTH LLC, a Delaware limited liability company ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant" or "County").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section, unless otherwise specifically modified by provisions of this Lease.

1.1 Defined Terms Relating to the Lease:

(a) Landlord's Address for Notice:

ECI Owensmouth LLC  
c/o Embarcadero Capital Partners, LLC  
1301 Shoreway Road, Suite 250  
Belmont, CA 94002-4156  
Att'n: John Hamilton

With a copy to:  
Ed Cherry, Esq.  
Cox Castle & Nicholson LLP  
555 Montgomery Street, Suite 1500  
San Francisco, CA 94111

Landlord's Address for Payment of Rent:

ECI OWENSMOUTH LLC  
P. O. Box 79042  
Re: 996104  
City of Industry, CA 91716-9042

(b) Tenant's Address for Notice:

Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012

With a copy to:  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor

Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 830-0927

- (c) Premises: Approximately 5,665 rentable square feet in the Building (defined below) as shown on Exhibit A attached hereto. The Premises are designated as Suite 160.
- (d) Building: The building located at 6800 Owensmouth Avenue, Canoga Park, CA which is located upon the real property described more particularly in Exhibit B attached hereto (the "Property");
- (e) Term: Five years commencing upon Tenant's Acceptance of the Premises as defined in Section 4(a) (the "Commencement Date"); and terminating at midnight on the day before the fifth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.
- (f) Projected Commencement Date: July 1, 2008
- (g) Commencement Date: See Section 4(a)
- (h) Irrevocable Offer Expiration Date: April 1, 2008
- (i) Basic Rent: \$14,162.50 per month (which is based upon a rental rate of \$2.50 per rentable square foot (adjustable only as provided in Section 2(b) hereof.))
- (j) Early Termination Notice Date: At or after the 48<sup>th</sup> full calendar month of the Term.
- (k) Rentable Square Feet in the Premises: 5,665

- (l) Use: General office use for the Department of Mental Health – Wellness Center. Section 6 of the Lease contains provisions regarding changes in the permitted use of the Premises.
- (m) Initial Departmental Use: Mental Health
- (n) Parking Spaces: 23
- (o) Normal Working Hours: 8:00 a.m. to 6:00 p.m., Monday through Friday and 8:00 a.m. to 12:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles, California.
- (p) Phase I Report: The Phase I Environmental Site Assessment prepared by BA Environmental and dated September 12, 2006.

1.2 Defined Terms Relating to Landlord's Work Letter:

- (a) Base Tenant Improvement Allowance: \$113,300
- (b) Additional Tenant Improvement Allowance: \$254,925
- (c) Maximum Change Order Allowance: \$20,000
- (d) Additional Tenant Improvement and Change Order Amortization Rate: 9% per annum
- (e) Basic Rent Reduction: Not Applicable
- (f) Tenant's Work Letter Representative: Nevin Harrison and/or an assigned staff person of the Chief Executive Office-Real Estate Division to act on behalf of the Tenant.
- (g) Landlord's Work Letter Representative: An assigned staff person of the Landlord.
- (h) Landlord's Address for See Section 1.1(a)

Work Letter Notice:

(i) Tenant's Address for  
Workletter Notice:

Board of Supervisors  
Kenneth Hahn Hall of Administration,  
Room 383  
500 West Temple Street  
Los Angeles, California 90012

With a copy to:  
Chief Executive Office  
Real Estate Division  
222 South Hill Street, 3<sup>rd</sup> Floor  
Los Angeles, California 90012  
Attention: Director of Real Estate  
Fax Number: (213) 830-0927

1.3 Exhibits to Lease:

Exhibit A - Floor Plan of Premises  
Exhibit B- Legal Description of Property  
Exhibit C - Commencement Date  
Memorandum and Confirmation of Lease  
Terms  
Exhibit D - HVAC Standards  
Exhibit E - Cleaning and Maintenance  
Schedule

1.4 Landlord's Work Letter:  
(executed concurrently with this Lease and  
made a part hereof by this reference):

Landlord's Work Letter  
Addendum A: Base Building Improvements  
Addendum B: Tenant Improvements

1.5 Supplemental Lease  
Documents: (delivered to  
Landlord and made a part hereof by this  
reference):

Document I: Subordination, Non-disturbance  
and Attornment Agreement  
Document II: Tenant Estoppel Certificate  
Document III: Community Business  
Enterprises Form  
Document IV: Memorandum of Lease  
Document V: Request for Notice

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Tenant shall have the right within 90 days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-

measure and verify the exact footage of the Premises and/or the Building. Landlord shall be entitled to have Landlord's architect present at such re-measurement. All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Basic Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Basic Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect to which measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. COMMON AREAS. Tenant may use the following areas ("Common Areas") in common with Landlord and other tenants of the Building: the entrances, lobbies and other public areas of the Building, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. Tenant shall comply with all reasonable, non-discriminatory rules and regulations regarding the use of the Common Areas established by Landlord.

#### 4. COMMENCEMENT AND EXPIRATION DATES

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin on the date of Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a



temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational. The parties acknowledge that the Commencement Date may occur prior to the Projected Commencement Date.

(b) Termination Right. If the Commencement Date has not occurred within one hundred twenty (120) days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than thirty (30) days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period. Tenant's early entry activities shall be performed in a manner that does not delay Landlord's Substantial Completion of the Tenant Improvements.

(d) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than one hundred eighty (180) days prior written notice executed by the Chief Executive Officer of Tenant. In the event of such termination, Tenant shall pay Landlord a termination fee equal to the then unamortized amount (based on a "mortgage-style" five (5) year amortization over the initial term of this Lease with an interest rate of 9% per annum) of (i) the Base Tenant Improvement Allowance (as defined in Section 1(a) of Landlord's Work Letter), (ii) the Additional Tenant Improvement Allowance (as defined in Section 1(b) of Landlord's Work Letter), (iii) the Maximum Charge Order Allowance (as defined in Section 1(c) of Landlord's Work letter) and (iv) Landlord's brokerage commissions paid under this Lease, which termination fee shall be paid within thirty (30) days after such termination.

5. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within fifteen (15) days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month. Basic rent for the Term of the Lease is as follows:

<u>Year</u>	<u>Rate/Square foot</u>	<u>Monthly</u>
1	\$2.50	\$14,162.50
2	\$2.58	\$14,587.38
3	\$2.65	\$15,025.00

4	\$2.73	\$15,475.75
5	\$2.81	\$15,940.02

If the Commencement Date is delayed as a result of Tenant Delays (as defined in Section 13.1 of the Landlord's Work Letter), then Tenant's obligation to commence payment of Basic Rent shall be accelerated by the length of such delay, but neither the Termination Date nor the above rent table shall be affected by such acceleration. Any sums due from Tenant under this Lease that are not paid within ten (10) days following written notice from Landlord that they are past due shall bear interest at the a rate equal to the lesser of ten percent (10%) per annum or the highest rate permitted by applicable law.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use. In no event may the Premises be used for a medical clinic, but the foregoing shall not otherwise prohibit counseling (whether in group or individual sessions) so long as Tenant takes reasonable steps to ensure that persons entering and exiting the Building do so in a manner that does not create a nuisance to other tenants or is otherwise inappropriate for a first class office building such as the Building.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon sixty (60) days written notice from Landlord or thirty (30) days written notice from the Chief Executive Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. However, with regard to structural modifications required by law, Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises and the Building to comply with such applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

#### 9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause, except for intentional actions or circumstances attributed to the Tenant which are uninsurable, rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days, then Landlord shall promptly, at Landlord's expense,

repair such damage (but not Tenant's personal property, fixtures, furniture or equipment, unless the damage thereto results from the gross negligence or willful misconduct of Landlord) and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten (10) business days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The failure to do so shall be a material default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant except in the case of damage which is caused by intentional actions or circumstances attributable to the Tenant which are uninsurable. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant and Landlord Termination Rights. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than one hundred eighty (180) days for any reason, then Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided that insurance proceeds are available to repair the damages (or would have been available if Landlord had carried the insurance Landlord is required to carry pursuant to Section 19(a) below). If the repair costs are more than fifty percent (50%) of the replacement cost of the Building, then, regardless of whether or not the Premises are damaged, Landlord may terminate the Lease upon not less than sixty (60) days prior written notice to Tenant, except that such sixty (60) day notice period may be shortened to the extent required for the safety of the occupants of the Building or their property.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than thirty (30) days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is thirty (30) days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, and does not commence repair and restoration after an additional five (5) business days written notice from Tenant, Tenant may (a) declare a default hereunder or (b) perform or cause to be

performed the restoration work and deduct the reasonable cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

#### 10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord shall cause (i) the Premises, the Building and all Common Areas, (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) to comply with all current laws, codes, and ordinances, including use the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Building and Premises to comply with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises, Building and Common Areas to be free of the presence of any Hazardous Materials (as hereinafter defined). Landlord represents to Tenant that Landlord has not received any notice from any governmental agency that the Building or the Premises are in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Building and the Asbestos Report that the Premises and the Building contain no asbestos containing materials (other than as may be reflected in the Phase I Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable; (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building; (iii) the Common Areas; (iv) exterior windows of the Building; and (v) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering; (2) interior partitions; (3) doors; (4) the interior side of demising walls; and (5) signage.

(c) Tenant Obligations Notwithstanding the above, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements and all Alterations shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed; (b) be at least equal in quality, value and utility to the original work or installation; and (c) be in accordance with all laws. If Tenant consumes electricity in amounts in excess of customary general office consumption, Tenant shall pay for the cost of such excess consumption, without mark up.

The immediately preceding sentence shall be inapplicable during any period that the original Tenant under this Lease (the County of Los Angeles) is using the Premises for general office use for the Department of Mental Health, including counseling (whether in group or individual sessions) as permitted under Section 6 above or for any other use that uses comparable amounts of electricity as the aforementioned use.

(d) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, then Tenant may proceed to take the required action after an additional five (5) business days notice to Landlord (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten (10) business days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

## 11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises:

(a) Heating, Ventilation and Air Conditioning. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than seven (7) watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators. Landlord shall furnish freight and passenger elevator services to the Premises during Normal Working Hours. During all other hours,

Landlord shall furnish passenger elevator cab service in the elevator bank serving the Premises on an as needed basis, and, by prior arrangement with Landlord's building manager, freight elevator service.

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide janitorial service on five nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Building, Premises and Common Areas on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building and Force Majeure.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Building or Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

### 13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Tenant Default") shall constitute a material default and breach of this Lease by Tenant:

(i) The failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten (10) days after written notice to Tenant;

(ii) The failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord specifying in detail the nature of the Tenant Default; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Tenant Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law, including, without limitation, (i) the right to recover damages from Tenant as provided in

California Civil Code Section 1951.2 and (ii) the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

(d) Landlord may cure the Tenant Default at Tenant's expense, provided that Landlord must give Tenant ten (10) business days written notice prior to undertaking such cure, except that shorter or no notice (as applicable under the circumstances) may be given if an emergency requires immediate action. If Landlord pays any sum or incurs any expense in curing the Tenant Default, Tenant shall reimburse Landlord for Landlord's reasonable costs with interest at ten percent (10%) per annum.

#### 14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default ("Landlord Default") in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within ten (10) business days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of the Landlord Default is such that the same cannot reasonably be cured within such ten (10) business day period, Landlord shall not be deemed to be in Landlord Default if Landlord shall within such period commence such cure (and Landlord shall be deemed to have "commenced" required repairs if Landlord has commenced, in a timely and diligent manner, consultations with contractors, suppliers, architects or other experts as required to complete the needed work) and thereafter diligently prosecute the same to completion. If the Landlord Default is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with an additional three (3) business days written notice to Landlord and Landlord's failure to comply with its obligations above within such three (3) business days period, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the reasonable costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; and/or (iv) to terminate this Lease.

(b) Waiver Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any

affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises (each a "Transfer") upon Landlord's prior written consent, which shall not be unreasonably withheld. If Tenant desires Landlord's consent to a proposed Transfer, Tenant shall provide Landlord with (i) the name and legal composition of the proposed transferee; (ii) the nature of the proposed transferee's business at the Premises and reasonable details regarding such transferee's business experience; and (iii) current financial information in reasonably acceptable form and detail. It shall be reasonable for Landlord to deny consent to an assignment or sublease to a current tenant of the Building or an affiliate thereof. Landlord shall provide its approval or reasonable disapproval of the proposed Transfer within ten (10) business days following receipt of the required information. Notwithstanding the foregoing, Landlord may elect to terminate this Lease as to the portion of the Premises being assigned or sublet, provided that Landlord provides Tenant with written notice of such election within the aforementioned ten (10) business day period. If the Transfer is approved, Tenant shall provide Landlord with a copy of the signed assignment or sublease document before the transferee commences occupancy and the transferee shall comply with the insurance requirements of this Lease. Unless otherwise expressly agreed by Landlord in writing (at Landlord's sole discretion), no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease.

#### 16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Premises or Building; (3) will not materially affect the systems or structure of the Building; and (4) does not unreasonably interfere with the normal and customary business office operations of other tenants in the Building. If Landlord fails to respond in writing within thirty (30) days of such request and doesn't respond within three (3) business days following Tenant's second written request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.



## 17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

#### 18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including reasonable attorneys' fees, arising from any injury or damage to any person or property (i) occurring in or about the Building (other than the Premises) as a result of any negligent act, omission or willful misconduct of Tenant or its employees, agents, contractors, clients, guests or visitors, (ii) occurring in or about the Premises (except to the extent caused by the negligent or willful misconduct of Landlord or its employees, agents or contractors) or (iii) arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including reasonable attorneys' fees, arising from any injury or damage to any person or property, (i) occurring in or about the Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests or visitors, or (ii) occurring in or about the Building, but excluding the Premises (except to the extent caused by the negligent or willful misconduct of Tenant or its employees, agents, contractors, clients, guests or visitors) or (iii) arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

#### 19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage; and (2) be written for an amount equal to at least 80% of the replacement cost thereof, excluding land, foundations, footings and underground installations, with a deductible not greater than five percent (5%) of the insured value.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) \$1,000,000 per

occurrence and general aggregate amount of \$5,000,000 (which limit may be obtained by a combination of standard and umbrella coverage); (2) products/completed operations aggregate of \$2,000,000; and (3) personal and advertising injury of \$1,000,000 all with a deductible not greater than Ten Thousand Dollars (\$10,000.00).

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a breach of this Lease.

(b) Tenant's Insurance. SUBJECT TO THE ORIGINAL TENANT'S RIGHT TO SELF-INSURE UNDER SECTION 19(E) BELOW, during the term of this Lease, Tenant shall maintain the following insurance:

(i) Liability Insurance. Commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than Two Million Dollars (\$2,000,000.00) each occurrence for bodily injury and property damage combined, Two Million Dollars (\$2,000,000.00) annual general aggregate, and Two Million Dollars (\$2,000,000.00) products and completed operations annual aggregate. Tenant's liability insurance policy or policies shall: (i) include premises and operations liability coverage, products and completed operations liability coverage, broad form property damage coverage including completed operations, blanket contractual liability coverage including, to the maximum extent possible, coverage for the indemnification obligations of Tenant under this Lease, and personal and advertising injury coverage; (ii) provide that the insurance company has the duty to defend all named and additional insureds under the policy; (iii) provide that defense costs are paid in addition to and do not deplete any of the policy limits; (iv) cover liabilities arising out of or incurred in connection with Tenant's use or occupancy of the Premises or the Property; (v) extend coverage to cover liability for the actions of the Tenant Parties; and (vi) either designate separate limits for the Property acceptable to Landlord, or provide that the entire insured limits are available for occurrences relating to the Property. Each policy of liability insurance required by this Section shall: (i) contain a separation of insureds clause or otherwise provide cross-liability coverage; (ii) provide that any waiver of subrogation rights or release prior to a loss does not void coverage; (iii) provide that it is primary insurance, but only as to Tenant's negligence and operations; (iv) name as additional insureds the Landlord Parties, the Property manager identified by Landlord, all mortgagees of which Landlord has notified Tenant in writing and such other parties in interest as Landlord may reasonably designate to Tenant in writing; and (v) provide that any failure to comply with the reporting provisions under the policies shall not affect coverage provided such additional insureds. Such additional insureds shall be provided at least the same extent of coverage as is provided to Tenant under such policies. All endorsements effecting such additional insured status shall be at least as broad as additional insured endorsement form number CG 20 11 01 96 promulgated by the Insurance Services Office.

(ii) Property Insurance. Tenant shall at all times maintain in effect with respect to any Alterations and Tenant's trade fixtures and personal property, commercial property insurance providing coverage, on an "all risk" or "special form" basis, in an amount equal to at least 80% of the full replacement cost of the covered property.

Tenant may carry such insurance under a blanket policy, provided that such policy provides coverage equivalent to a separate policy. Landlord will have no obligation to carry insurance on Tenant's Trade Fixtures or personal property.

(c) Insurance Requirements. All insurance policies required to be maintained by Landlord or Tenant under this Lease shall be issued by insurance companies which have a Best's Rating of "A-VIII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

(d) Certificates. Landlord and Tenant shall each deliver to the other party on or before the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Tenant or Landlord (as applicable) in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(e) Self Insurance. The provisions of this Section 19(e) shall apply only to the original Tenant hereunder and are inapplicable to any assignee or subtenant. Tenant may provide the insurance coverage required under Section 19(b) above) by a program of "self-insurance", provided that such program of self-insurance provides Landlord with the same rights and privileges to which Landlord is otherwise entitled under the terms of this Lease when there is a third-party insurer, as reasonably evidenced by Tenant to Landlord. If Tenant ceases to self-insure, Tenant shall give notice thereof to Landlord and shall immediately comply with the provisions of this Section 19 relating to the policies of insurance required.

(f) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies actually carried by them (or required to be carried hereunder if not actually carried). Landlord and Tenant shall each cause their respective insurance carriers to consent to the foregoing waiver of rights of subrogation against the other party, which waiver shall apply to such insurance carriers. This waiver of subrogation shall also apply to any self-insurance (including deductibles and/or self insured retentions) maintained by Landlord and Tenant.

## 20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to a total of twenty-three (23) non-reserved parking spaces as follows:

(i) thirteen (13) parking spaces in the surface level parking lots which are located adjacent to, and across the street from, and which exclusively serve the Building (all of which shall be single stall parking spaces) and

(ii) ten (10) parking spaces in the underground parking garage at the Building (six (6) of which parking spaces will be in "tandem" stalls of two (2) parking spaces each, and four (4) of which parking spaces will be single stall parking spaces).

Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building. The aforementioned parking shall be without charge during the Term of this Lease and any Extension Term with parking being included in Basic Rent

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant for more than ten (10) consecutive business days, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter or (b) deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to the Basic Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Basic Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

Tenant acknowledges that the areas on which the thirteen (13) surface level parking spaces (the "Surface Parking Spaces") are located are not owned by Landlord, but leased by Landlord from third parties. Notwithstanding anything to the contrary above, if any or all of the Surface Parking Spaces are not available to Tenant as required above, Landlord may satisfy its parking obligations with regard to the Surface Parking Spaces by providing Tenant with reasonable alternative parking within a reasonable walking distance of the Building (which may include parking in a parking lot with a shuttle to the Building if the distance from the alternate parking to the Building is not a reasonable walking distance).

## 21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on,

under or about the Premises, the Building or the Common Areas, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant, the Premises, the Building or the Common Areas.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel reasonably acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises, Building or Common Areas or other violation of laws relating to Hazardous Materials other than caused by Tenant or any other Tenant Party. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials in the Building or the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within thirty (30) days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective

purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within thirty (30) days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional fifteen (15) days to cure such default (but mortgagee's total time period for the cure shall not commence to run until mortgagee has received the copy of the notice of default).

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant shall remove, at its own expense, unless otherwise directed by Landlord in writing to the

contrary, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Tenant shall, at Tenant's sole cost and expense, be permitted to install signage identifying Tenant over the north entrance of the Premises, which signage shall be in the same general location of the signage for the previous tenant and shall not exceed the height of such prior tenant's signage and, provided, further, that the design, colors, materials, size and manner of attachment to the Building shall be subject to any and all applicable laws and ordinances and Landlord's prior written approval, in Landlord's sole discretion.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises and the Common Areas during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. Tenant shall receive from Landlord or Landlord's broker the commission due to Tenant, which commission totals Sixteen Thousand Two Hundred Forty One and 18/100 Dollars (\$16,241.18) (the "Commission Amount") pursuant to separate agreement as a result of the execution of this Lease.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision



hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial messenger providing proof of delivery, to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant. Landlord's acceptance of any payments of Rent due under this Lease shall not be deemed a waiver of any default by Tenant under this Lease (including Tenant's recurrent failure to timely pay rent) other than Tenant's nonpayment of the accepted sums.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein. Except where a provision of this Lease provides for different time periods, if a party has not given its consent or disapproval within a required period, then the consent shall be deemed granted if not refused within ten (10) days after a second written request is made therefore, together with all necessary information.

(k) Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease. If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which

Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Executive Officer of the County or its delegee (the "Chief Executive Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

### 31. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer,

employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Upon County's written request, each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County. Notwithstanding the foregoing, the County hereby acknowledges and agrees that Landlord shall have the right to encumber the Property with CMBS (collateralized mortgage backed securities) financing or other traditional real estate financing. However, Landlord may not encumber the Property through any type of bond financing vehicle, including, but not limited to certificate of participation financing.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent; provided, however, that Landlord may disclose this Lease and related documents to Landlord's employees, accountants, attorneys or other professionals in the course of administering or enforcing the terms of this Lease and to any existing or prospective lenders or purchasers of the Property, the Landlord entity or any parent of the Landlord entity. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

33. OPTION TO EXTEND.

(a) Terms of Option. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have one (1) option to renew this Lease (the "Option") for an additional period of five (5) years (the "Extension Term").

(b) Exercise of Option. Tenant must exercise its option to extend this Lease by giving Landlord written notice of its intent to do so by Chief Executive Office letter no later than one hundred eighty (180) days prior to the end of the initial Term. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles or the Chief Executive Officer.

(c) Terms and Conditions of Extension Term. The Extension Term shall be on all the terms and conditions of this Lease, except that Basic Rent for the Extension

Term shall be the rate in effect during the last year of the original Lease term increased by three percent (3%), and upon each anniversary date of the commencement of the Extension Term the rent then in effect will increase by three percent (3%).

(continued on next page)

IN WITNESS WHEREOF this Lease has been executed the day and year first above set forth.

LANDLORD:

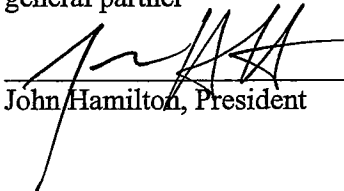
ECI Owensmouth LLC, a Delaware limited liability company

by: Embarcadero Capital Investors LP,  
a Delaware limited partnership, sole member

by: Embarcadero Capital Partners LLC,  
a Delaware limited liability company,  
general partner

by: Hamilton Partners, LP,  
Manager

by: Hamilton Ventures, Inc.,  
general partner

by:   
John Hamilton, President

TENANT:

COUNTY OF LOS ANGELES  
a body politic and corporate

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Chair, Board of Supervisors  
\_\_\_\_\_

ATTEST:

Sachi A. Hamai  
Executive Officer-Clerk  
of the Board of Supervisors

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:  
Raymond G. Fortner, Jr.

County Counsel

By:   
Deputy: Amy M. Caves

# EXHIBIT A FLOOR PLAN OF PREMISES

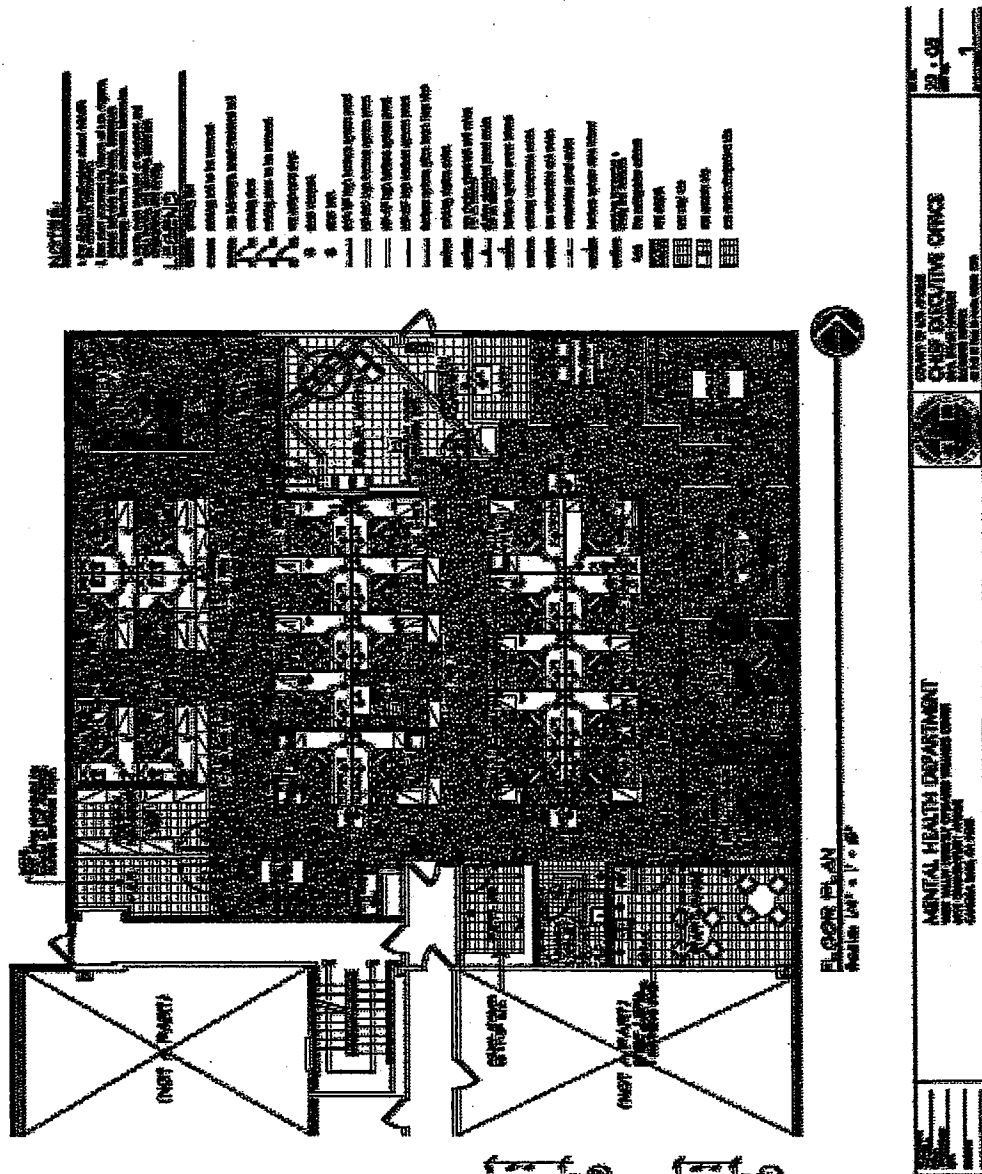




EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

THE WEST 160 FEET OF LOT 2 IN BLOCK 104 OF OWENSMOUTH, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 37 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 80 FEET OF SAID LAND.

ALSO EXCEPT ALL MINERALS, COAL, OILS, PETROLEUM AND KINDRED SUBSTANCES AND NATURAL GAS UNDER AND IN SAID LAND, AS RECORDED IN BOOK 6533 PAGE 13 OF DEEDS.

PARCEL 2:

THE NORTH 50 FEET OF THE WEST 160 FEET OF LOT 3 IN BLOCK 104 OF OWENSMOUTH, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 37 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM ALL MINERALS, COAL, OILS, PETROLEUM AND KINDRED SUBSTANCES AND NATURAL GAS UNDER IN AND SAID LAND, AS RECORDED IN BOOK 6533 PAGE 136 OF DEEDS.

PARCEL 3:

THE SOUTH 50 FEET OF THE NORTH 100 FEET OF THE WEST 160 FEET OF LOT 3 IN BLOCK 104 OF OWENSMOUTH, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 37 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL MINERALS, COAL, OILS, PETROLEUM AND KINDRED SUBSTANCES AND NATURAL GAS UNDER AND IN SAID LAND, AS RECORDED IN BOOK 6533 PAGE 136 OF DEEDS.

PARCEL 4:

THE SOUTH 50 FEET OF THE WEST 160 FEET OF LOT 3 IN BLOCK 104 OF OWENSMOUTH, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 37 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL MINERALS, COAL, OILS, PETROLEUM AND KINDRED SUBSTANCES AND NATURAL GAS UNDER AND IN SAID LAND, AS RECORDED IN BOOK 6533 PAGE 136 OF DEEDS.

PARCEL 5:

LOT 1 OF TRACT 27781, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 725 PAGES 49 AND 50 OF

MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM THE WEST 50 FEET THEREOF, ALL MINERALS, COAL, OILS, PETROLEUM AND KINDRED SUBSTANCES AND NATURAL GAS UNDER AND IN SAID LAND, AS RESERVED BY THE DEPARTMENT OF VETERANS AFFAIRS OF THE STATE OF CALIFORNIA, SUCCESSORS TO THE VETERANS WELFARE BOARD OF THE STATE OF CALIFORNIA, IN DEED RECORDED AUGUST 15, 1962 AS INSTRUMENT NO. 861 IN BOOK DI722 PAGE 891 OFFICIAL RECORDS.

ALSO EXCEPT ALL MINERALS, COALS, OIL, PETROLEUM AND KINDRED SUBSTANCES AND NATURAL GAS UNDER AND IN THE EAST 55 FEET OF THE WEST 105 FEET OF SAID LAND, AS RESERVED BY SAMUEL J. KATZ AND FRED A KATZ AND WIFE, IN DEED RECORDED JULY 17, 1959 AS INSTRUMENT NO. 871 IN BOOK D539 PAGE 645 OFFICIAL RECORDS.

ALSO EXCEPT THEREFROM ALL MINERALS, COAL, OILS, PETROLEUM AND KINDRED SUBSTANCES AND NATURAL GAS UNDER AND IN SAID LAND, AS RESERVED IN DEED FROM TITLE INSURANCE AND TRUST COMPANY TO ROY V. MILNER, RECORDED AUGUST 13, 1917 AS INSTRUMENT NO. 32 IN BOOK 6533 PAGE 136 OF DEEDS.

PARCEL 6:

THE NORTHERLY 20 FEET OF LOT 4 IN BLOCK 104 OWENSMOUTH, SHEET 2, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 19 PAGE 37 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS SHOWN ON THE MAP OF TRACT 27781, RECORDED IN BOOK 725 PAGES 49 AND 50 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM  
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated March \_\_, 2008, between County of Los Angeles, a body politic and corporate ("Tenant"), and ECI Owensmouth LLC ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises in the building located at 6800 Owensmouth Avenue, Suite 160, Canoga Park, CA 91303 ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on \_\_\_\_\_ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on \_\_\_\_\_ ("Commencement Date");
- (4) The Premises contain 5,665 rentable square feet of space; and
- (5) Basic Rent per month is \$14,162.50.

IN WITNESS WHEREOF, this Memorandum is executed this \_\_ day of \_\_\_\_\_, 200\_\_.

"Tenant"

COUNTY OF LOS ANGELES,  
a body politic and corporate

"Landlord"

ECI Owensmouth LLC, a Delaware limited  
liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

by: Embarcadero Capital Partners LLC,  
a Delaware limited liability company,  
general partner

by: Hamilton Partners, LP,  
Manager

by: Hamilton Ventures, Inc.,  
general partner

by: \_\_\_\_\_  
John Hamilton, President

## EXHIBIT D

### HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 68 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

Landlord shall not be responsible for a failure to achieve the temperature standards above to the extent such failure results from (i) any lights, machines or equipment used by Tenant in the Premises that are of a type and/or quantity beyond that customarily used by tenants for general office purposes, or (ii) the occupancy of the Premises by more than one person per 200 square feet of rentable area.

Landlord has advised Tenant that the Premises presently has 19 diffusers and that, in order for the Premises to have one diffuser for each 200 square feet of useable square footage within the Premises (as required above), Landlord will need to install 6 additional diffusers. Notwithstanding anything to the contrary above or in the Landlord's Work Letter, Landlord's cost of purchasing and installing the 6 additional diffusers shall constitute a Tenant Improvement Cost under the Landlord's Work Letter.

## EXHIBIT E

### CLEANING AND MAINTENANCE SCHEDULE

LANDLORD SHALL COMPLY WITH THE FOLLOWING SCHEDULE AND SPECIFICATIONS TO THE EXTENT THE SAME DO NOT EXCEED INDUSTRY STANDARD PRACTICES:

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
- M. Exclusive day porter service from \_\_\_\_ to \_\_\_\_ (if provided by contract).

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.

C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.

D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

A. Windows washed as required inside and outside but not less frequently than twice annually.

B. All painted wall and door surfaces washed and stains removed.

C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.

B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

D. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute and Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.



**LANDLORD'S WORK LETTER**

**For**

**COUNTY OF LOS ANGELES  
CHIEF EXECUTIVE OFFICE  
LEASE AND AGREEMENT**

**DEPARTMENT: Mental Health, as Tenant**

**LANDLORD: ECI Owensmouth, LLC**

**6800 Owensmouth Avenue, Suite 160, Canoga Park, CA**

## LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated as of March \_\_, 2008, executed concurrently herewith, by and between ECI Owensmouth LLC ("Landlord") as Landlord, and COUNTY OF LOS ANGELES ("Tenant" or "County") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

(a) <u>Base Tenant Improvement Allowance:</u>	\$113,300 (i.e., \$20 per rentable square foot of the Premises)
(b) <u>Additional Tenant Improvement Allowance:</u>	\$254,925 (i.e., \$45 per rentable square foot of the Premises)
(c) <u>Maximum Change Order Allowance:</u>	\$20,000
(d) <u>Additional Tenant Improvement Amortization Rate:</u>	9% per annum
(e) <u>Basic Rent Reduction per \$1,000:</u>	N/A
(f) <u>Tenant's Work Letter Representative:</u>	Nevin Harrison or an assigned staff person of the Chief Executive Office-Real Estate Division
(g) <u>Landlord's Work Letter Representative:</u>	An assigned staff person of the Landlord.
(h) <u>Landlord's Address for Work Letter Notice:</u>	See Section 1(a) of the Lease.
(i) <u>Tenant's Address for Work Letter Notice:</u>	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street Los Angeles, California 90012

	With a copy to: Chief Executive Office- Real Estate Division 222 South Hill Street, 3 <sup>rd</sup> Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 217-4971
(j) <u>Addenda:</u>	Addendum A: Base Building Improvements Addendum B: Tenant Improvements

## 2. Construction of the Building.

2.1 Base Building Improvements. Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

### 2.2 Additional Costs Not Tenant Improvement Costs.

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes"; (ii) fire sprinkler system installation or upgrade; (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere; (iv) utility costs incurred during construction; (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease; or (vi) supervision or overhead costs of Landlord other than Landlord's Construction Management Fee (as provided for in the attached Rider).

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

Notwithstanding anything to the contrary in this Section 2 or elsewhere in this Work Letter or the Lease, the cost of all work that is a part of, or triggered by, the Tenant Improvements will constitute a Tenant Improvement Cost, except for costs incurred because, immediately prior to the demolition of the existing improvements in the Premises for purposes of commencing the Tenant Improvements: (i) the Premises and/or the Building did not comply with laws applicable to the core and shell elements and existing common areas of the Building,

including the ADA; and/or (ii) the electrical, life safety, HVAC, plumbing and other base Building systems were not operational, or any of such systems were not yet "stubbed" to the demising wall of, or elsewhere within, the Premises.

2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least three proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor.** The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (collectively the "Space Plan").

5.2 **Preparation and Approval of Working Drawings.** Within ten (10) days following the later of (i) the date of the Lease or (ii) the date the Space Plan is approved by Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 Preparation and Approval of Engineering Drawings. Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within thirty (30) days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

## **6. Final Construction Budget and Payment of Tenant Construction Costs.**

6.1 Construction Budget. Within ten (10) business days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). Such budget shall be revised into final form within ten (10) business days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five (5) days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from Tenant. Any delays in the Substantial Completion of the Tenant Improvements that result from changes to the Final Plans and Final Construction Budget (other than any changes required to correct errors made by Architect or Engineer in the Final Plans or changes necessitated by any negligence of Landlord or its agents) shall constitute a Tenant Delay, except if Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is fifteen percent (15%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. Other than the Construction Management Fee, no fee for profit, overhead or general conditions in connection with the

construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 Base Tenant Improvement Allowance; Additional Tenant Improvement Allowance; Change Orders. All improvements required by the Final Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto are referred to herein as the "Tenant Improvements". The costs of Tenant Improvements shall include, without limitation, construction costs for furniture, telecommunications equipment, soft costs and any other costs for the work shown on the Final Plans and as reflected on the Final Construction Budget not to exceed in the aggregate, the sum of the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and the Maximum Change Order Allowance (collectively "Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Force Majeure, Tenant Delays or Change Orders.

6.3 Method of Payment. That portion of the Additional Tenant Improvement Allowance or Change Order Allowance used to pay for the Tenant Improvement Costs may, at Tenant's election be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in equal "mortgage-style" monthly payments over the initial term of the Lease at the Tenant Improvement Amortization Rate. Tenant may at any time during the Term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs, amortizing any remaining amount in monthly payments over the remainder of the initial term of the Lease at the Tenant Improvement Amortization Rate. All such payments shall constitute rent under the Lease.

## 7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after at least three (3) bids have been solicited from responsible and qualified persons. Landlord shall submit at least three (3) sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. At least three (3) bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays or Tenant Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Tenant, in consultation with Landlord's Architect. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, with the cost being a Tenant Improvement Cost, but Landlord agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale as approved by the Board of Supervisors which are applicable to the work are filed with the Clerk of the Board of Supervisors and must be posted at the site and Tenant will provide the information for posting by Landlord.

7.4 Conformed Plans. Within sixty (60) days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. Change Orders that cause the Tenant Improvement Costs to exceed the aggregate of the Base Tenant Improvement Allowance and the Additional Tenant Improvement must be authorized by the Chief Executive Officer. Tenant may elect to pay for Change Orders by: (a) payment in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortization of such costs over the initial Term of the Lease at the Additional Tenant Improvement Amortization Rate payable in equal monthly installments over the initial Term of the Lease, but such amortized amount may not exceed the available Additional Tenant Improvement Allowance and Maximum Change Order Allowance as stated in Section 1(b) and (c) above, and costs over the available allowance amounts must be paid in a lump sum under item (a) of this Section 8. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Executive Officer.

9. **Furniture System.**

9.1 Tenant shall deliver to Landlord within ten (10) days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the Modular Specifications, Landlord and /or Landlord's Architect, shall prepare a modular furniture specifications bid package for submission to no less than three furniture vendors. Prior to submission for bids, Landlord shall review the bid package with Tenant and Tenant shall have the right to approve or disapprove the bid package. Landlord shall provide the modular furniture set forth in the Modular Specifications but shall not be responsible for the cost of such modular furniture in excess of the Base Tenant Improvement Allowance and the Additional Tenant Improvement Allowance. Tenant shall reimburse the Landlord in a lump sum for costs that exceed the aforementioned allowances.

9.2 Tenant may opt to finance the lump-sum payment for the cost of modular furniture through lease-purchase financing with a third-party vendor ("Creditor"). In the event the Tenant elects to enter into a lease-purchase financing of the furniture and telecommunications equipment (the "Personal Property") through a Creditor, Landlord expressly agrees as follows:

(a) The Personal Property shall not become part of the realty or real property, but shall remain personal property removable by the Creditor and its assigns, provided that any damage occasioned by such removal shall be repaired by Creditor.

(b) Landlord shall be notified by Creditor of any plan by Creditor to remove the Personal Property and Creditor may remove the Personal Property from the Premises at reasonable times, subject to the reasonable rules regarding Building access and security. Creditor shall pay for the cost of repairing any physical injury to the Premises or the Building caused by removal of the Personal Property.

(c) This section shall be binding on the representatives, successors and assigns of all parties hereto and shall inure to the benefit of the successors-in-interest to all parties hereto.

(d) Landlord does hereby waive any right to gain possession of any of Personal Property during the term of this Lease.

10. **Tenant Improvement Costs Adjustment and Right to Audit.** Within sixty (60) days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, which ever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of twelve (12) months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord, within thirty (30) days, shall refund to Tenant the amount of any overpayment made by Tenant and all future payments shall be adjusted as appropriate based upon the audit results.



11. **Exclusions.** The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement, base fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion (but not distribution within the newly constructed Tenant Improvements) shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least fifteen (15) days prior to the Projected Commencement Date. During this 15-day period, the Landlord shall be solely responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein and in the Lease, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements.

(a) **Tenant Delays.** Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that Tenant fails or refuses to give authorizations or approvals or submit plans within the time periods required herein or each day of delay due to Change Orders, but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)");

(b) **Force Majeure Delays.** Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

13.2. **Limitations.**

(a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within forty-eight (48) hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10) day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. **Default**. Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Tenant Remedies**. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant Improvements have not been completed within ninety (90) days after the Projected Commencement Date (as extended for Tenant Delay or Force Majeure), Tenant may, at its option:

15.1. Cancel the Lease upon thirty (30) days written notice to Landlord; or

15.2. Upon thirty (30) days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Landlord shall make the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and the Maximum Change Order Allowance, if applicable, available to Tenant for application to Tenant's costs of construction.

16. **Representatives**.

16.1 Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

16.2 Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

17. **Elevator Usage During Move-In.** In the event that the use of the freight elevators and/or hoists is not sufficient to meet Tenant's requirements, Landlord shall cause to be made operational (a) a temporary construction elevator and hoist, or (b) Tenant shall have priority usage of two passenger elevators in the elevator bank that services the Premises in order to assist Tenant in the installation of Tenant's fixtures, furniture and equipment.

18. **Construction Meetings.** During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five days of the date the Contractor is selected.

19. **Delivery.** Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

20. **Rider.** The attached Rider is incorporated into this Work Letter.

LANDLORD:

ECI OWENSMOUTH LLC, a  
Delaware limited liability company

by: Embarcadero Capital Investors LP,  
a Delaware limited partnership, sole member

by: Embarcadero Capital Partners LLC,  
a Delaware limited liability company,  
general partner

by: Hamilton Partners, LP,  
Manager

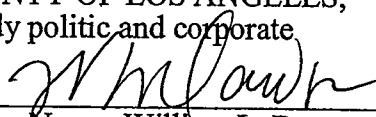
by: Hamilton Ventures, Inc.,  
general partner

by:   
John Hamilton, President

Date Signed: 2/5/08

TENANT:

COUNTY OF LOS ANGELES,  
a body politic and corporate

By:   
Name: William L. Dawson  
Title: Acting Director of Real Estate  
Date Signed: 2/11/08

6800 Owensmouth Avenue, Suite 160, Canoga Park, CA

Rider to Landlord's Work Letter

1. MEP and Life Safety on Design/Build Basis.

In order to provide for efficiencies of construction, as an alternative to submitting separate Engineering Drawings for the mechanical, electrical, plumbing and fire and life safety ("MEP and Life Safety") work, as required under Section 5.3(a) of this Work Letter, Landlord may require Contractor to have MEP and Life Safety subcontractors perform the MEP and Life Safety work on a design/build basis pursuant to the Working Drawings and under Contractor's direction. The MEP and Life Safety subcontractors shall be Landlord's designated MEP and Life Safety subcontractors for the Building.

The fixed price contract bids submitted by the approved general contractors under Section 4 of this Work Letter must include all of the MEP and Life Safety work that will be included in the Tenant Improvements. References generally in this Work Letter to the "Final Plans" shall be deemed to include the MEP and Life Safety plans, except where such inclusion would conflict with the intentions of this Paragraph 1.

2. Construction Management Fee.

As compensation to Landlord for review of the Space Plan, Working Drawings, Engineering Drawings and Final Plans and for construction inspection, administration and management with regard to the Tenant Improvements, Landlord shall receive a sum (the "Construction Management Fee") equal to three percent (3%) of the "hard costs" of construction of the Tenant Improvements.

3. Furniture Bids.

Bids for the furniture system may be handled by Landlord separately from the bids for the remainder of the Tenant Improvements under Section 7.2 of this Work Letter. Notwithstanding the foregoing, Landlord shall include the costs of such furniture in Landlord's Preliminary Budget and Final Construction Budget, as the estimated and actual costs become known to Landlord.

4. Time Periods for Approvals.

Tenant shall deliver to Landlord Tenant's required approvals or disapprovals under this Work Letter within five (5) business days following Landlord's written request therefor. If Tenant is required to submit revised plans to Landlord, Tenant shall submit the same within ten (10) days following Landlord's written request therefor.

## **ADDENDUM A To Landlord's Work Letter**

### **BASE BUILDING IMPROVEMENTS**

Landlord has constructed (or will construct) the Building to include the following:

- (a) The Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;
- (b) The core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;
- (c) Men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;
- (d) Unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;
- (e) Public stairways;
- (f) Passenger and freight elevators;
- (g) Parking facilities;
- (h) Ground floor lobby;
- (i) Finished elevator lobbies (with carpet, lights, finished walls and ceiling);
- (j) Exterior plazas and landscaping;
- (k) Loading dock and/or area;
- (l) Drinking fountains at the core;
- (m) Electrical/telephone closet with not less than seven watts per square foot of rentable area of normal power in the floor electrical closet;
- (n) Conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on floors \_\_\_\_\_, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);
- (o) Two 208/120 and one 480/277 volt panels connected to the Building power system;
- (p) Mechanical equipment room with ducted mechanical exhaust system;
- (q) Concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of 50 pounds per square foot and a partition load of 20 pounds per square foot;

- (r) Standard window coverings;
- (s) Primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- (t) Hot and cold air loops located within the Premises;
- (u) Primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;
- (v) Primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- (w) Access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- (x) Gypsum board on the service core walls, columns and sills in the Premises.

## **ADDENDUM B To Landlord's Work Letter**

### **TENANT IMPROVEMENTS**

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) As applicable, Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.
- (l) All other improvements and equipment to render the Premises ready for occupancy by Tenant for Tenant's purposes, unless otherwise provided in the Lease or Work Letter.